

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Applications of :

CONTINENTAL AIRLINES, INC., :
CONTINENTAL MICRONESIA, INC., :
COLGAN AIR, INC., :
BRITISH MIDLAND AIRWAYS LIMITED :
D/B/A BMI :
and :
BRITISH MIDLAND REGIONAL LIMITED :
D/B/A BMI REGIONAL :

for statements of authorization pursuant to :
14 C.F.R. Part 212 to engage in codesharing :

Application of :

CONTINENTAL AIRLINES, INC. :

Docket DOT-OST-2009-_____

for an exemption under 49 U.S.C. § 40109 :

APPLICATIONS OF
CONTINENTAL AIRLINES, INC.,
CONTINENTAL MICRONESIA, INC.,
COLGAN AIR, INC.,
BRITISH MIDLAND AIRWAYS LIMITED D/B/A BMI
AND BRITISH MIDLAND REGIONAL LIMITED
D/B/A BMI REGIONAL

Communications with respect to this document should be sent to:

Rebecca G. Cox
Senior Vice President, Government Affairs
CONTINENTAL AIRLINES, INC.
1350 I Street, NW
Washington, DC 20005-3389

Thomas Newton Bolling
Managing Attorney, Regulatory
CONTINENTAL AIRLINES, INC.
P.O. Box 4607 – HQSLG
Houston, TX 77210-4607
(713) 324-56906
thomas.bolling@coair.com

Hershel I. Kamen
Vice President, Security and Regulatory Affairs
Daniel A. Weiss
Managing Director, International Policy
& Regulatory Affairs
CONTINENTAL AIRLINES, INC.
P.O. Box 4607 – HQSGV
Houston, TX 77210-4607

R. Bruce Keiner, Jr.
Gerald F. Murphy
CROWELL & MORING LLP
1001 Pennsylvania Avenue, NW
Washington, DC 20004-2595
(202) 624-2615
rbkeiner@crowell.com
gmurphy@crowell.com

Counsel for
Continental Airlines, Inc.
and Continental Micronesia, Inc.

Marshall S. Sinick
Charles F. Donley II
SQUIRE, SANDERS & DEMPSEY L.L.P.
1201 Pennsylvania Avenue, N.W.
Washington, DC 20004
(202) 626-6651
msinick@ssd.com
cdonley@ssd.com

Counsel for
British Midland Airways Limited d/b/a bmi
and British Midland Regional Limited,
d/b/a bmi Regional

July 27, 2009

Jeffrey A. Smisek
President and Chief Executive Officer
CONTINENTAL MICRONESIA, INC.
P.O. Box 4607 – HQSCD
Houston, TX 77210-4607
jeffrey.smisek@coair.com

Brian T. Hunt
Vice President & General Counsel
PINNACLE AIRLINES CORP.
1689 Nonconnah Blvd.
Suite 111
Memphis, TN 38132
(901) 346-6145
BT Hunt@pncl.com

Counsel for
Colgan Air, Inc.

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

Applications of

CONTINENTAL AIRLINES, INC.,
CONTINENTAL MICRONESIA, INC.,
COLGAN AIR, INC.
BRITISH MIDLAND AIRWAYS LIMITED
D/B/A BMI
and
BRITISH MIDLAND REGIONAL LIMITED
D/B/A BMI REGIONAL

for statements of authorization pursuant to
14 C.F.R. Part 212 to engage in codesharing

Application of

CONTINENTAL AIRLINES, INC.

for an exemption under 49 U.S.C. § 40109

Docket DOT-OST-2009-_____

APPLICATIONS OF
CONTINENTAL AIRLINES, INC.,
CONTINENTAL MICRONESIA, INC.,
COLGAN AIR, INC.,
BRITISH MIDLAND AIRWAYS LIMITED D/B/A BMI
AND BRITISH MIDLAND REGIONAL LIMITED
D/B/A BMI REGIONAL

Continental,¹ Continental Micronesia, Colgan, bmi and bmi Regional apply pursuant to Part 212 of the Department's regulations, for statements of authorization to provide reciprocal Continental/bmi codeshare services in foreign air transportation pursuant to the U.S.-EU open skies agreement.² Continental also applies, pursuant to 49 U.S.C. § 40109 and Rule 302 of the Department's Rules of Practice, for an exemption from 49 U.S.C. § 41101 authorizing Continental to provide codeshare service at points served by bmi which are neither in open-skies countries nor listed in Continental's certificate or exemption authority upon 30 days' notification to the Department, just as Continental has been allowed to do with other codeshare partners.³

Continental and bmi state as follows in support of their applications.

1. The applicants request authority to provide valuable U.S.-U.K. and third country codeshare services which will serve the public interest. Continental and bmi codeshare service will expand airline competition on international routes to benefit passengers and shippers and expand the Continental and bmi networks. Moreover, the blanket codeshare statements of authorization requested will "give the applicants flexibility to meet marketplace demands and . . .

¹ Common names of carriers are used. Unless the context requires otherwise, when used in this application, the term "Continental" includes Continental Micronesia and Colgan, and the term bmi includes bmi Regional. Continental Micronesia and Colgan will not be placing their own codes on flights operated by bmi but bmi will be placing its code on flights operated by Continental Micronesia and Colgan. Similarly, bmi Regional will not be placing its own code on flights operated by Continental, Continental Micronesia and Colgan, but they will be placing their codes on flights operated by bmi Regional.

² Continental and bmi have submitted an application for antitrust immunity in Docket DOT-OST-2008-0234. Copies of the relevant codeshare documents have been submitted in that docket, and the Department has issued an order granting that application. See Order 2009-7-10. Continental and bmi expect to commence codesharing sales and operations as soon as Continental is free of restrictions in its SkyTeam agreements that preclude it from doing so immediately.

³ See Notice of Action Taken, Docket DOT-OST-2005-20122, March 9, 2007.

enable them to maximize the rights available under . . . open-skies agreement[s],” as the Department has concluded in approving other blanket codeshare applications.⁴ Continental and bmi will notify the Department no later than 30 days before commencing any codeshare services to non-open skies points or on routes for which Continental does not otherwise hold authority.

2. Continental and bmi request blanket statements of authorization to implement their proposed codeshare service and notify the Department that, upon grant of this application, they intend to provide open-skies codeshare services in accordance with the Department’s Notice In the Matter of Blanket Notification of Code-Share Service to Open-Skies Partners and Points dated February 9, 2009 (“Blanket Codeshare Notice”). Specifically, Continental and bmi seek statements of authorization permitting Continental to display the BD* code on Continental flights and bmi to display the CO* code on bmi flights in conjunction with foreign air transportation of persons, property, and mail: (i) between any point or points in the United States and any point or points in the European Union (EU) (on a nonstop basis and on routings via intermediate open skies points); (ii) between any point or points in the United States and any other point or points in the European Common Aviation Area (ECAA) where an open-skies agreement is being applied; (iii) between U.S. points; (iv) between EU points; (v) beyond the EU to any point or points; and (vi) beyond the U.S. to any point or points.⁵

⁴ See Order 1998-4-8 at 3.

⁵ The BD* code will also be displayed on flights operated by other Continental codeshare partners operating aircraft with fewer than 60 seats. Pursuant to sections 206.5, 212.1 and 298.11 of the Department’s regulations, no statement of authorization is required for such codeshare services. Since Colgan offers Continental codeshare service on aircraft with more than 60 seats, however, Colgan requires a statement of authorization to place the BD* code on its flights.

3. Similar blanket codeshare authority has been granted to numerous codeshare partnerships involving U.S. and foreign airlines.⁶ Continental and bmi already hold blanket underlying authority to conduct operations and offer codeshare service on open-skies routes as well as on routes for which they hold specific authority,⁷ so they require only statements of authorization to institute most of the proposed codeshare services.

4. Continental requires supplemental exemption authority to implement the proposed codeshare agreements and maximize its flexibility to provide global codeshare service by placing its code on bmi flights serving points for which Continental does not otherwise hold authority. Thus, Continental requests exemption authority to provide codeshare service at points served by bmi which are neither in open-skies countries nor listed in Continental's certificate or exemption authority upon 30 days' notification to the Department, just as Continental has been allowed to do with Air France, COPA, KLM, KLM CityHopper, Exel, CSA and Korean.⁸

5. The proposed Continental and bmi codesharing is consistent with the European Union open skies agreement, which authorizes liberal codesharing between U.S. and EU airlines,

⁶ See, e.g., Statement of Authorization 93-394, August 6, 1998 (Delta/Korean); Department Action, Docket DOT-OST-2003-14367, March 11, 2003 (Comair and Atlantic Southeast/Korean); Department Action, Docket DOT-OST-2002-13320, December 19, 2002 (United/Asiana); and Department Action, Docket DOT-OST-2002-11459, April 26, 2002 (Delta/China Airlines).

⁷ Continental holds blanket authority to serve open skies countries pursuant to its Certificate for Route 836, issued by Order 2007-4-19 and bmi holds open skies authority pursuant to its exemption authority issued by Order 2007-9-24.

⁸ See Notice of Action Taken, Docket DOT-OST-2005-20122, March 1, 2005; Notice of Action Taken, Docket DOT-OST-2004-19346, January 31, 2005; and Notice of Action Taken, Docket DOT-OST-2004-19420, February 11, 2005.

and the Department's authorization of comparable codesharing between United and Lufthansa and between Delta and Northwest and Air France-KLM.⁹

6. Continental and bmi will notify the Department no later than 30 days before commencing any codeshare services to non-open skies points not specified in their certificate permit or exemption authority, and they accept the Department's standard conditions on limited-entry third-country codeshare services.¹⁰ Continental and bmi will conduct their codesharing activities in compliance with Part 257 of the Department's regulations and any other applicable rules and regulations. The codesharing authority requested here will have no impact on Continental's Civil Reserve Air Fleet commitments. Continental will communicate with the Federal Aviation Administration regarding safety audits of bmi.

For the foregoing reasons, Continental, Continental Micronesia, Colgan, bmi and bmi Regional, urge the Department to grant their applications for statements of authorization and Continental's application for an exemption authorizing it to provide codeshare service at points served by bmi which are neither in open-skies countries nor listed in Continental's certificate or exemption authority upon 30 days' notification to the Department.


⁹ See Orders 1998-4-8 and 2006-2-1.

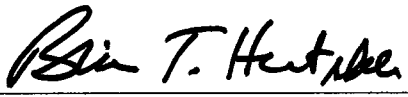
¹⁰ See Order 2003-5-33, Appendix 4.

Respectfully submitted,

CROWELL & MORING LLP

PINNACLE AIRLINES CORP.



R. Bruce Keiner, Jr.
rbkeiner@crowell.com


Brian T. Hunt
BTHunt@pncl.com

Counsel for
Continental Airlines, Inc.
and Continental Micronesia, Inc.

Counsel
for Colgan Air, Inc.

SQUIRE, SANDERS & DEMPSEY L.L.P.


Marshall S. Sinick
msinick@ssd.com

Counsel for
British Midland Airways Limited d/b/a bmi
and British Midland Regional Limited
d/b/a bmi Regional

July 27, 2009

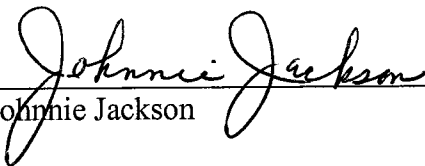
CERTIFICATE OF SERVICE

I certify that I have this date served the foregoing document on the following persons in
accordance with the Department's Rules of Practice:

rsilverberg@sbgdc.com (ABX)
msinick@ssd.com (Alaska/Horizon)
carl.nelson@aa.com (American)
irichardson@johnrichardson.com (Amerijet)
pmurphy@lop-murphy.com (Arrow)
slachter@lachter-clements.com (ASTAR)
rpommer@atlasair.com (Atlas)
sascha.vanderbellen@delta.com (Delta)
charters@evergreenairlines.com (Evergreen)
nssparks@fedex.com (FedEx)
efaberman@wileyrein.com (Frontier)
mroller@rollerbauer.com (Gemini)

jhill@dowlohn.com (Hawaiian/JetBlue)
matwood@sherblackwell.com (Kalitta)
jamestello@earthlink.net (Miami Air)
mlbenge@zslaw.com (North American/World)
kevin.montgomery@polaraircargo.com (Polar)
temerson@skywest.com (SkyWest)
agoerlich@ggh-airlaw.com (Southern)
dkirstein@yklaw.com (Spirit)
john.fredericksen@suncountry.com (Sun Country)
dvaughan@kelleydrye.com (UPS)
jeffrey.manley@united.com (United)
howard.kass@usairways.com (US Airways)

July 27, 2009
DCIWDMS: 8458160_1


Johnnie Jackson